

Rich Redman
Albion Telephone Company
P. O. Box 98
Albion, Idaho 83311
(208) 673-5335

3. The proposed RUS loan proceeds will be used to pay for, and partially reimburse general funds for, the following projects: (1) upgrade central office switching, (2) install additional fiber and upgrade outside plant, (3) fund construction to meet anticipated customer growth, and (4) general system improvements.

4. Applicant believes the proposed RUS loan will qualify as a hardship loan with an interest rate of approximately five percent (5%) per annum and a term of 15 years. If the loan is not designated as a hardship loan, the interest rate will be at RUS's then current market rates at the time of closing.

5. The proposed transaction is consistent with the public interest. Construction of the upgraded facilities will improve service for Albion's existing Idaho customers and enable the Applicant to offer broadband communications services to both business and residential users.

6. A copy of the Applicant's most recent Annual Report showing the authorized and outstanding classes of Applicant's securities is on file with the Commission, and the Applicant respectfully requests the Commission take official notice thereof. A certified copy of Applicant's Board of Directors' resolution authorizing the proposed transaction is attached hereto as Exhibit A.

7. A Proposed Order granting this Application is attached hereto as Exhibit B.

8. Notice of this Application will be published within seven (7) days in *The Idaho Statesman* (Boise). A copy of this Notice is attached as Exhibit C.

9. Applicant submits that the public interest does not require a hearing on this matter and it requests that the Commission process this Application and determine this matter by Modified Procedure, pursuant to Rule 23 of the Commission's Rules of Practice

and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

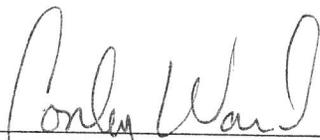
10. Applicant has therefore attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of ONE THOUSAND DOLLARS (\$1,000.00).

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Albion Telephone Company to execute and deliver to the Rural Utilities Service a Loan Agreement in an amount not to exceed \$15,000,000;

2. Granting such other relief as the Commission deems just and reasonable in this matter.

DATED this 24th day of May 2002



Conley Ward
GIVENS PURSLEY LLP
Attorneys for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 24th day of May, 2002 I caused a true and correct copy of the foregoing to be served upon:

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
Boise, ID 83702

by hand delivering the same to the above-named at the last known address(s) as set forth above.

A handwritten signature in cursive script that reads "Tina Smith". The signature is written in black ink and is positioned on the right side of the page.

GIVENS PURSLEY LLP

LAW OFFICES
277 North 6th Street, Suite 200
PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
FACSIMILE: 208 388-1300
WEBSITE: www.givenspursley.com

Direct Dial: (208) 388-1219
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FILED

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ALB-T-02-02

2002 MAY 30 PM 1:48

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STEPHANIE C. WESTERMEIER
OF COUNSEL

May 30, 2002

WORKING

VIA HAND DELIVERY

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington
P.O. Box 83720
Boise, ID 83720-0074

Re: Albion Telephone Company
Our File: 5261-3

Dear Jean

Last week we filed Albion's Application for Loan Approval. At that time, we did not have executed copies of Exhibit A. I am now enclosing an original and four copies of the executed Exhibit A. Please replace these originals with the Exhibit A that was attached to the Application at the time of filing.

If you have any questions, please call.

Sincerely,

Conley Ward
Conley Ward *by Tina Smith*

CEW/tns
Enclosure
S:\Clients\5261\3\Corr\2002-5-30 Jewell exhibit A.doc

CERTIFIED COPY OF MINUTES AUTHORIZING LOAN
APPLICATION AND AGREEMENT

I, Dark Redman, do hereby certify that: I am the Secretary of Albion Telephone Company (the "Member").

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of the Member held May 24, 2002, as they appear in the Minutes Book of the Member, said resolutions duly adopted thereat; the meeting was duly and regularly called in accordance with the bylaws of the Member; the Loan Application and Agreement (the "Agreement") submitted herewith or to be submitted to Rural Utilities Service are substantially similar to the form of the Agreement as presented to said meeting, the execution of which was authorized by the Board of Directors and said resolutions have not been modified or rescinded:

"The Board of Directors of Albion Telephone Company having been advised by its counsel that the Member is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements and is in good standing, and that an application to be made to Rural Utilities Service ("RUS") for a loan and its approval by RUS, together with the execution of an agreement as authorized by the Board, in the form of the Agreement presented at this meeting, will constitute valid and binding obligations of the Member, enforceable by and against the Member, in accordance with the terms of these documents;

"RESOLVED, that the Member borrow from the Rural Utilities Service ("RUS") an amount which shall not exceed in the aggregate \$15,000,000 for a term as set forth in the Agreement, and at such interest rate or rates as shall be prescribed in the Agreement executed by and on behalf of the Member and delivered to RUS, the proceeds of such loan to be used for purposes set forth in the Agreement and consistently with the requirements of existing agreements and security documents of the Member; and,

"RESOLVED, that the President of the Member be and is hereby authorized to execute, on behalf of the Member, an agreement substantially in the form of the Agreement presented to this meeting, to revise and modify said Agreement within the amount so authorized; and to apply such further documents as may be need to comply with RUS's requirements; and,

"RESOLVED, that the President is authorized on behalf of the Member to request and receive funds pursuant to the Agreement and is directed to deposit such funds in a bank account used for the general funds of the Member; and,

"RESOLVED, that the appropriate officers are authorized to take all actions they deem advisable to carry out the purpose of these resolutions."

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Member, this 29 day of May, 2002.


Secretary

**CERTIFIED COPY OF MINUTES AUTHORIZING LOAN
APPLICATION AND AGREEMENT**

I, _____, do hereby certify that: I am the Secretary of Albion Telephone Company (the "Member").

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of the Member held _____, 2002, as they appear in the Minutes Book of the Member, said resolutions duly adopted thereat; the meeting was duly and regularly called in accordance with the bylaws of the Member; the Loan Application and Agreement (the "Agreement") submitted herewith or to be submitted to Rural Utilities Service are substantially similar to the form of the Agreement as presented to said meeting, the execution of which was authorized by the Board of Directors and said resolutions have not been modified or rescinded:

"The Board of Directors of Albion Telephone Company having been advised by its counsel that the Member is legally constituted, is in compliance with all applicable statutory, regulatory and other legal requirements and is in good standing, and that an application to be made to Rural Utilities Service ("RUS") for a loan and its approval by RUS, together with the execution of an agreement as authorized by the Board, in the form of the Agreement presented at this meeting, will constitute valid and binding obligations of the Member, enforceable by and against the Member, in accordance with the terms of these documents;

"RESOLVED, that the Member borrow from the Rural Utilities Service ("RUS") an amount which shall not exceed in the aggregate \$15,000,000 for a term as set forth in the Agreement, and at such interest rate or rates as shall be prescribed in the Agreement executed by and on behalf of the Member and delivered to RUS, the proceeds of such loan to be used for purposes set forth in the Agreement and consistently with the requirements of existing agreements and security documents of the Member; and,

"RESOLVED, that the President of the Member be and is hereby authorized to execute, on behalf of the Member, an agreement substantially in the form of the Agreement presented to this meeting, to revise and modify said Agreement within the amount so authorized; and to apply such further documents as may be need to comply with RUS's requirements; and,

"RESOLVED, that the President is authorized on behalf of the Member to request and receive funds pursuant to the Agreement and is directed to deposit such funds in a bank account used for the general funds of the Member; and,

"RESOLVED, that the appropriate officers are authorized to take all actions they deem advisable to carry out the purpose of these resolutions."

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Member, this _____ day of _____, 2002.

Secretary

Conley Ward, Idaho State Bar # 1683
GIVENS PURSLEY LLP
277 North 6th Street, Suite 200
P. O. Box 2720
Boise, ID 83701
(208) 388-1200
(208) 388-1201 (fax)

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Albion) Case No.
Telephone Company for Authority to Borrow)
from the Rural Utilities Service ("RUS") in an) PROPOSED ORDER
Amount Not to Exceed \$15,000,000)
)
)
)
_____)

On , 2002, Albion Telephone Company (hereinafter Applicant), filed an Application for Loan Approval with this Commission requesting authority to execute a loan contract amendment and supplemental mortgage in an amount not to exceed \$15,000,000 with the United States of America, acting through the Rural Utilities Service ("RUS").

In support of said Application, Applicant alleges that the proposed RUS loan proceeds will be used to pay for, and partially reimburse general funds for, the following projects: (1) upgrade central office switching, (2) install additional fiber and upgrade outside plant, (3) fund construction to meet anticipated customer growth, and (4) general system improvements.

After examining the Application and supporting documents and being fully advised in the premises, the Commission hereby finds that a hearing in this matter is not required, and that the proposed transaction is consistent with the public interest and the Applicant's proper performance of its duties as a public utility.

IT IS THEREFORE ORDERED that the Application of Albion Telephone Company, for authority to execute a loan contract amendment and supplemental mortgage with the RUS in an amount not to exceed \$15,000,000 be, and the same is hereby granted.

DONE by Order of the Idaho Public Utilities Commission this ____ day of _____, 2002.

Paul Kjellander, President

Dennis S. Hansen, Commissioner

Marsha Smith, Commissioner

ATTEST:

LEGAL NOTICE OF ALBION TELEPHONE COMPANY
APPLICATION FOR AUTHORITY TO BORROW FUNDS

NOTICE IS HEREBY GIVEN that on May 24, 2002, Albion Telephone Company, completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$15,000,000 from the United States of America, acting through the Rural Utilities Service and in connection with the borrowing, to execute a telephone loan contract amendment and a supplemental mortgage.

The Application is on file and is available for public inspection at the Idaho Public Utilities Commission. Any person desiring to comment on said Application must file petitions or protests with the Idaho Public Utilities Commission within fourteen (14) days of the filing date. If no protests are received within this time limit, the Commission may consider the Application and enter its Order without setting the matter for hearing. If written protests are filed with the Commission within the time limit set, the Commission will consider the same, and in its discretion, may set a hearing. Petitions or protests must be filed with: Jean Jewell, Secretary, Idaho Public Utilities Commission, Statehouse, Boise, Idaho 83720.

Jean Jewell, Secretary
Idaho Public Utilities Commission